



**United States Department of Justice
United States Attorney's Office
District of Minnesota**



News Release

**B. Todd Jones,
United States Attorney**

**Jeanne F. Cooney
Director of Community Relations
(612) 664-5611
email: jeanne.cooney@usdoj.gov**

FOR IMMEDIATE RELEASE

Wednesday, March 9, 2011

WWW.JUSTICE.GOV/USAO/MN

Twin Cities area brothers plead guilty to operating a \$4 million mortgage fraud scheme

Earlier today in federal court in Minneapolis, two brothers pleaded guilty to orchestrating a \$4 million mortgage fraud scheme that defrauded 24 area lenders. Baretta Dean Bork, age 35, of Mound, and Xavier Willis Bork, age 32, of Eden Prairie, pleaded guilty to one count of conspiracy to commit mortgage fraud through the use of wires and income tax refund fraud. The pleas were entered before United States District Court Judge Ann. D. Montgomery. The defendants were charged on January 31, 2011.

In their plea agreements, the defendants admitted that between December of 2003 and March of 2008, they engaged in a scheme that resulted in more than \$4 million in losses to mortgage lenders. The brothers worked as loan officers through several mortgage brokerage companies. Through their work, they recruited straw buyers to purchase 33 properties. They also completed false mortgage loan applications on behalf of those straw purchasers.

To prompt lenders to grant loans to the straw buyers, the Borks exaggerated the incomes and lied about the employment status of those straw buyers. They also omitted from the loan applications information regarding other loan obligations the straw buyers already had incurred. As part of the scheme, the properties were purchased at inflated prices, and upon receipt of the mortgage loans, the loan proceeds were distributed to the straw buyers and the defendants.

In addition, the Borks admittedly recruited 26 people to file false U.S. Individual Income Tax Returns, claiming refunds totaling more than \$154,000. The defendants provided those filers with false W-2 forms that indicated they worked for the Borks. To facilitate their tax scheme, the Borks also established two shell companies.

For their crimes, the defendants face a potential maximum penalty of five years in prison. Judge Montgomery will determine their sentences at a future hearing, yet to be scheduled.

This case is the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney David J. MacLaughlin.

This law enforcement action is in part sponsored by the interagency Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. It includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch and, with state and local partners, investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

###